

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 279 – HB 475

April 12, 2013

SUMMARY OF ORIGINAL BILL: Requires municipalities annexing due to a petition by a majority of property owners and residents of the affected territory, or upon own initiative, to preserve the prosperity of such municipality, and to receive approval by majority vote of the potentially-annexed residents in a referendum prior to annexation.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent any referendum is held in conjunction with regularly-scheduled elections, any increase in local government expenditures is considered not significant. However, if a special referendum is required, the mandatory increase in local government expenditures is reasonably estimated to exceed \$8,000. Due to several unknown factors, any change in local government property tax revenue cannot be quantified.

SUMMARY OF AMENDMENT (006920): Deletes all language after the enacting clause. Prohibits any municipality, between April 1, 2013, and June 30, 2015, from extending its corporate limits by means of annexation by ordinance upon the municipality's own initiative pursuant to Tenn. Code Ann. § 6-51-102, when annexing real property primarily for residential or agricultural purposes. Requires the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to complete a comprehensive review and evaluation of the efficacy of state policies established within Tenn. Code Ann. Title 6, Chapters 51 and 58 and to submit a written report of findings and recommendations to the Speaker of the House of Representatives and the Speaker of the Senate no later than January 12, 2015. Exempts Davidson, Moore, Trousdale, Crockett, Haywood, Lauderdale, Blount, and Montgomery counties from the provisions of the bill as amended by subdivision (a)(1).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact - Due to multiple unknown factors, any change in local government property tax revenue cannot be determined. No fiscal impact to state government.

Assumptions for the bill as amended:

- According to TACIR, any cost associated with the required review can be accommodated within existing resources without an increased appropriation or a reduced reversion.
- Pursuant to Tenn. Code Ann. §6-51-102, municipalities may annex when petitioned by a majority of the residents and property owners of the affected area, or upon its own initiative when it appears that the prosperity of the municipality will be materially retarded.
- The bill as amended would prevent municipalities from annexing territory being used primarily for residential or agricultural purposes upon their own initiative by ordinance; however would still allow municipalities to annex if petitioned by residents and property owners.
- It is indeterminable the number of instances in which municipalities annex territory upon their own initiative as opposed to annexation by petition of residents, the number of municipalities that will be prevented from annexing territory as a result of the provisions of this bill as amended, the extent of economic development that would have occurred on any annexed property, and the value of any such property that would be acquired by the municipality. Due to these unknown factors, the fiscal impact to local government property tax revenue cannot be reasonably determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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